

“(e)(1) In the case of an eligible dependent who is furnished primary health care services under this section and who has coverage under a health-plan contract, as defined in section 1729(i)(1) of this title, the United States shall have the right to recover or collect the reasonable charges for such care or services from such health-plan contract to the extent that the individual or the provider of the care or services would be eligible to receive payment for such care or services from such health-plan contract if the care or services had not been furnished by a department or agency of the United States.

“(2) The right of the United States to recover under paragraph (1) shall be enforceable with respect to an eligible dependent in the same manner as applies under subsections (a)(3), (b), (c)(1), (c)(2), (d), (f), (h), and (i) of section 1729 of this title with respect to a veteran.

“(f)(1) Subject to paragraphs (2) and (3), the pilot program under this section shall be carried out during the program period in not more than four veterans integrated service networks, as designated by the Secretary. In designating networks under the preceding sentence, the Secretary shall favor designation of networks that are suited to serve dependents of veterans because of—

“(A) the capability of one or more medical facilities within the network to furnish primary health care services to eligible dependents while assuring that veterans continue to receive priority for care and services;

“(B) the demonstrated success of such medical facilities in billings and collections;

“(C) support for initiating such a pilot program among veterans in the network; and

“(D) such other criteria as the Secretary considers appropriate.

“(2) In implementing the pilot program, the Secretary may not provide health care services for dependents who are children—

“(A) in more than one of the participating networks during the first year of the program period; and

“(B) in more than two of the participating networks during the second year of the program period.

“(3) In implementing the pilot program, the Secretary shall give priority to facilities which operate women veterans' clinics.”

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1713 the following new item:

“1713A. Medical care for certain dependents and enrolled veterans: pilot program.”

(b) GAO REVIEW AND RECOMMENDATIONS.—(1) Beginning six months after the commencement of the pilot program, the Comptroller General, in consultation with the Under Secretary for Health of the Department of Veterans Affairs, shall monitor the conduct of the pilot program.

(2) Not later than 14 months after the commencement of the pilot program, the Comptroller General shall submit to the Secretary of Veterans Affairs a report setting forth the Comptroller General's findings and recommendations with respect to the first 12 months of operation of the pilot program.

(3)(A) The report under paragraph (2) shall include the findings of the Comptroller General regarding—

(i) whether the collection of reasonable charges for the care or services provided reasonably covers the costs of providing such care and services; and

(ii) whether the Secretary, in carrying out the program, is in compliance with the limitation in subsection (d)(3) of section 1713A of title 38, United States Code, as added by subsection (a).

(B) The report shall include the recommendations of the Comptroller General

regarding any remedial steps that the Secretary should take in the conduct of the program or in the billing and collection of charges under the program.

(4) The Secretary, in consultation with, and following receipt of the report of, the Comptroller General, shall take such steps as may be needed to ensure that any recommendations of the Comptroller General in the report under paragraph (2) with respect to billings and collections, and with respect to compliance with the limitation in subsection (d)(3) of such section, are carried out.

(5) For purposes of this subsection, the term “commencement of the pilot program” means the date on which the Secretary of Veterans Affairs begins to furnish services to eligible dependents under the pilot program under section 1713A of title 38, United States Code, as added by subsection (a).

SEC. 107. ENHANCED SERVICES PROGRAM AT DESIGNATED MEDICAL CENTERS.

(a) FINDINGS.—Congress makes the following findings:

(1) Historically, health care facilities under the jurisdiction of the Department of Veterans Affairs have not consistently been located in proximity to veteran population concentrations.

(2) Hospital occupancy rates at numbers of Department medical centers are at levels substantially below a level needed for efficient operation and optimal quality of care.

(3) The costs of maintaining highly inefficient medical centers, which were designed and constructed decades ago to standards no longer considered acceptable, substantially diminish the availability of resources which could be devoted to the provision of needed direct care services.

(4) Freeing resources currently devoted to highly inefficient provision of hospital care could, through contracting for acute hospital care and establishing new facilities for provision of outpatient care, yield improved access and service to veterans.

(b) ENHANCED SERVICES PROGRAM AT DESIGNATED MEDICAL CENTERS.—The Secretary of Veterans Affairs, in carrying out the responsibilities of the Secretary to furnish hospital care and medical services through network-based planning, shall establish an enhanced service program at Department medical centers (hereinafter in this section referred to as “designated centers”) that are designated by the Secretary for the purposes of this section. Medical centers shall be designated to improve access, and quality of service provided, to veterans served by those medical centers. The Secretary may designate a medical center for the program only if the Secretary determines, on the basis of a market and data analysis (which shall include a study of the cost-effectiveness of the care provided at such center), that the medical center—

(1) can, in whole or in part, no longer be operated in a manner that provides hospital or other care efficiently and at optimal quality because of such factors as—

(A) the current and projected need for hospital or other care capacity at such center;

(B) the extent to which the facility is functionally obsolete; and

(C) the cost of operation and maintenance of the physical plant; and

(2) is located in proximity (A) to one or more community hospitals which have the capacity to provide primary and secondary hospital care of appropriate quality to veterans under contract arrangements with the Secretary which the Secretary determines are advantageous to the Department, or (B) to another Department medical center which is capable of absorbing some or all of the patient workload of such medical center.

(c) MEDICAL CENTER PLAN.—The Secretary shall, with respect to each designated center,

develop a plan aimed at improving the accessibility and quality of service provided to veterans. Each plan shall be developed in accordance with the requirements for strategic network-based planning described in section 8107 of title 38, United States Code. In the plan for a designated center, the Secretary shall describe a program which, if implemented, would allow the Secretary to do any of the following:

(1) Provide for a Department facility described in subsection (b)(2)(B) to absorb some or all of the patient workload of the designated center.

(2) Contract, under such arrangements as the Secretary determines appropriate, for needed primary and secondary hospital care for veterans—

(A) who reside in the catchment area of each designated center;

(B) who are described in paragraphs (1) through (6) of section 1705(a) of title 38, United States Code; and

(C) whom the Secretary has enrolled for care pursuant to section 1705 of title 38, United States Code.

(3) Cease to provide hospital care, or hospital care and other medical services, at such center.

(4) If practicable, lease, under subchapter V of chapter 81 of title 38, United States Code, land and improvements which had been dedicated to providing care described in paragraph (3).

(5) Establish, through reallocation of operational funds and through appropriate lease arrangements or renovations, facilities for—

(A) delivery of outpatient care; and

(B) services which would obviate a need for nursing home care or other long-term institutional care.

(d) EMPLOYEE PROTECTIONS.—(1) In entering into any contract or lease under subsection (c), the Secretary shall attempt to ensure that employees of the Secretary who would be displaced under this section be given priority in hiring by such contractor, lessee, or other entity.

(2) In carrying out subsection (c)(5), the Secretary shall give preference to providing services through employee-based delivery models.

(e) REQUIRED CONSULTATION.—In developing a plan under subsection (c), the Secretary shall obtain the views of veterans organizations, exclusive employee representatives, and other interested parties and provide for such organizations and parties to participate in the development of the plan.

(f) SUBMISSION OF PLAN TO CONGRESS.—The Secretary may not implement a plan described in subsection (c) with respect to a medical center unless the Secretary has first submitted a report containing a detailed plan and justification to the appropriate committees of Congress. No action to carry out such plan may be taken after the submission of such report until the end of a 45-day period following the date of the submission of the report, not less than 30 days of which shall be days during which Congress shall have been in continuous session. For purposes of the preceding sentence, continuity of a session of Congress is broken only by adjournment sine die, and there shall be excluded from the computation of any period of continuity of session any day during which either House of Congress is not in session during an adjournment of more than three days to a day certain.

(g) IMPLEMENTATION OF PLAN.—In carrying out the plan described in subsection (c), or a modification to that plan following the submission of such plan to the appropriate committees of Congress, the Secretary—

(1) may, without regard to any limitation under section 1703 of title 38, United States Code, contract for hospital care for veterans who are—